

**State of Utah****Department of
Natural Resources**

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**Division of
Oil, Gas & Mining**

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February 28, 2007

Erwin Sass, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Subject: Deficiencies for Addition of 40 Acres, Task ID #2743, Canyon Fuel
Company, LLC, Dugout Canyon Mine, C/007/0039

Dear Mr. Sass:

The Division has reviewed your application to add 40 acres to the permit area of the Dugout Mine. The Division has determined that there are some deficiencies that must be addressed before a determination can be made that the requirements of the R645 Coal Mining Rules have been met, and an approval can be granted. Those deficiencies are listed as an attachment to this letter.

Each deficiency identifies its author by that author's initials in parentheses, such that your staff can directly communicate with that individual should any questions arise relative to the preparation of Canyon Fuel Company's response to that particular deficiency.

Please respond to these deficiencies as soon as possible, but by no later than March 28, 2007, such that we may efficiently process your application. If you have any questions please call me at (801) 538-5268 or Wayne Western, team lead, at (801) 538-5263.

Sincerely

Pamela Grubaugh-Littig
Permit Supervisor

an
Attachment
O:\007039.DUG\FINAL\WG2743\2743Deficiencies.doc

Deficiency List
Task ID #2743
Addition of 40 Acres

The members of the review team include the following individuals:

Priscilla Burton [pwb]
Wayne Western [whw]
Steve Christensen [skc]
James D. Smith [jds]
Jerriann Ernstsens [jae]

R645-301-525.100, The Permittee must show that they conducted a pre-subsidence survey of the proposed permit expansion area. If the pre-subsidence survey information is in the MRP then the Permittee must reference the information in the subsidence section of the MRP. For example, information on the types of renewable resource may be in Chapter 4 of the MRP and information on State appropriated water supplies might be in Chapter 7 of the MRP. If the information already exists then the Permittee must reference the information. If there are no non-commercial buildings or occupied structures then the Permittee must state so in the subsidence section of the MRP. A new landowner may potentially be impacted. That landowner's name is provided in Section 112.500 of the MRP as Gil L. Conover; 450 So. State; Ferron, UT 84523. [whw] [pwb]

R645-301-525.460 and R645-301-525.490, The Permittee must provide the Division with a map that shows the projected subsidence contours. The Division needs that information in order to evaluate the potential subsidence effects. [whw]

R645-301-114.100, Plates 7-1 and 7-2 suggest that a jeep trail on Gil L. Conover's land is used to access the monitoring locations in federal lease U-07064-027821. Mr. Conover is listed as an affected owner and his address is provided in Section 112.500 of the MRP. Please provide right of entry for access to the monitoring wells. Conditional approval will be recommended, based upon receipt of the BLM Lease modification for inclusion in Appendix 1-1 of the MRP. [pwb]

R645-301-422, The Mining and Reclamation Plan has the 1999 Air Quality Approval Order and must be updated with the current Air Quality Approval Order. [pwb]

R645-301-528, The Permittee indicates a desire to increase the 12-month production throughput from 5MT to 7MT. The MRP lacks basic information on the coal storage capability at the site. What is the height of the stacking tube? Given the height of the stacking tube and the angle of repose for coal and the bulk density of coal, what is the area required for the two 7,500 T stockpiles that are indicated on Figure 5-2 Material Flow Diagram for the 5MT throughput? Given the

limitations noted on Figure 5-2 for the crusher and loadout bin, will the stockpile size increase under a 7 MT throughput plan? [pwb]

R645-301-622, Plates 6-4, 6-5, 6-6 (Confidential), and 6-7 (Confidential) must show the 40-acre addition is in the permit area. [jds]

R645-301-121.300, The Permittee must submit Plate 3.2 Wildlife following proper protocol. [jae]

R645-301-411.142, There is no proof of "coordination effortsand clearances" from the SHPO for this extension. The Division will submit, to the SHPO, a finding of "no potential to cause effects" to historic resources within or adjacent to the extension area. The Permittee will submit a copy of the response letter to their Confidential Binder directly in front of the applicable archaeological report. [jae]

R645-301-321.100, -121.200, Volume Chapter 3 Plate 3.1 illustrates that the community type for the extension area is a sagebrush community. This description on Plate 3.1 is in contrast to the description provided in other portions of the Application (Section 322, Senco-Phenix 2006). The Permittee must provide a brief clarification of the vegetation communities and general condition of the extension area, similar to other qualitative descriptions for areas within the permit boundary. [jae]

R645-301-322.100, -322.220, The Permittee commits to conducting bat surveys along with raptor surveys in cliff habitat before subsidence (Volume Chap 3 pg 3-21). For this 40-acre extension, the Permittee must address this commitment and analyze the need for a survey based on timing of mining and possible subsidence as well as bat occurrence, available water resources and other foraging requirements for bats. If it is possible that bats could be present and subsidence could occur during roosting or nursing seasons, then the Permittee must coordinate with the Division and provide a survey, protection, or mitigation plan. Note, that certain bat species migrate to Carbon county around late April through June. [jae]